



CARPETS XIII. POST-PAHLAVI PERIOD

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In the period immediately following the shah's flight from the country in 1358 Š./1979 the prices for Persian carpets reached record highs on Western markets. These prices were determined by the convergence of three main factors: the underlying trend toward higher prices as demand outstripped supply, which had been apparent since the 1340s Š./1960s; the particular circumstances of the last two years of the Pahlavi era; and the exchange-rate policy adopted by the new regime. In the period immediately following World War II a boom in carpet production occurred in Iran, fueled in particular by the German "economic miracle" after 1332 Š./1953; the art of weaving on a commercial scale thus spread to almost every corner of the country. But by the mid-1340s Š./1960s the shah's industrialization program began to have a significant effect on both urban and village carpet production. As the shepherds of the Khorasan uplands left their villages to work in the steel mills of Mašhad queues were seen outside the butchers' shops. But the developing urbanization meant a shortage not only of mutton, but also of wool. Also, the shepherds' wives came to find watching television more congenial than weaving, and the supply of carpets began to be insufficient to meet demand; prices rose more rapidly than many Western importers could accept, and as a



result carpets with Persian designs began to be produced in large numbers in India and Pakistan and later in China. In the late 1350s Š./1970s prices of Persian carpets in Persia became still more inflated because huge quantities of goods were purchased and shipped out of the country to Hamburg and Zurich, especially by Jewish dealers who feared for the security of their capital as the Revolution of 1357 Š./1978-79 approached. Finally, under the shah the rial, which was pegged to the dollar, was one of the world's strongest currencies, supported by massive oil exports. After the revolution the government continued to maintain a high exchange rate with the dollar, but political and economic realities in Iran made a mockery of this attempt and engendered a black market in which the world market value of the currency was reflected more clearly. As carpets could be exported only at the official exchange rate, the price levels reached in 1360-62 Š./1981-83 were rejected in the international carpet trade, and Western importers began to buy from other countries (see [Table 50](#)). Carpet exports from Iran during this period served in many instances mainly as a conduit for wealthy Iranians eager to transfer their capital abroad and willing to do so at any price.

The government soon recognized that drastic measures had become necessary if the slide in carpet exports was to be halted. A commission from the Tehran customs office was instructed to visit Hamburg, London, Zurich, and other international trading centers to recommend a scheme for revitalizing the trade. The commissioners discovered, however, that their product was overvalued by 40-60 percent. For example, in the early 1350s Š./1970s, when Bijār carpets cost DM 500 per m² in the Hamburg free port, they had seemed a good investment; when the price rose above DM 1,000 per m² those who had bought at DM 500 congratulated themselves. By 1358 Š./1979 they had reached DM 2,000, which most dealers considered overpriced, and, when DM 3,000 was quoted shortly afterward, it was clear that the bubble had burst.

The simple solution would have been to abolish the official rate of exchange with the dollar, but such a move would probably have led to an undesirable drain of capital. A system was thus devised to allow carpet exporters to obtain part of the purchase price of their goods on the black market; in this way only a proportion of the value had to be paid in foreign currency at the official exchange rate. An advantage of the scheme was that the proportion could be varied at will to increase or decrease the effective discount on the official rate. Indeed, details were altered frequently in order to provide ever greater incentives to dealers as Persia's need for foreign exchange increased. The



system did have the disadvantage of being very cumbersome and time-consuming: As Persian invoices are notoriously unreliable, the only way that the Tehran customs could arrive at a true valuation of goods being exported was to have its own officials inspect and value every carpet before it was dispatched. Despite the frustrations caused by this procedure, the desired result was achieved. Beginning in 1364 Š./1985, the average price in dollars or German marks fell (even though the price in rials soared), and exports began to rise again (see Table 50). The effect on local prices may be judged by comparing the cost of the Nehāvand rug. The villages in the area between Nehāvand and Ošvand, south of Hamadān, produced large blue-ground, single-wufted rugs of around 40 sq feet stylistically related to the products of neighboring Kurdistan. They have maintained a consistent quality of wool, weave, and dyestuffs over a long period and thus offer a more reliable yardstick for price comparisons than areas where quality has varied considerably.

Table 51 shows price movements for this type of carpet at Hamadān over the fifteen years between 1352 Š./1973 and 1367 Š./1988. From 1358 Š./1979 to the end of 1366 Š./1987 the rial price increased fivefold, while the dollar price remained more or less constant. Further explosive rises in 1367 Š./1988, however, again led importers to cancel orders. On the other hand, the new system, involving as it does manipulation of prices and exchange rates by the government, creates its own distortions. For example, the valuation scheme in operation at the end of the 1360s Š./1980s favored high-priced merchandise and penalized cheaper goods. This bias was reflected in the domestic market. In dollars a fine semi-antique Kashan (Kāšān) carpet cost about twice as much as a good example from Herīs (Herīz/Harīz), a market center in Azarbaijan, but in rials the former was four times the price of the latter. If exchange controls were lifted, a major realignment of prices would thus occur.

The pattern of production of new rugs did not differ significantly from the one that was developing before the revolution. There were, indeed, a few remarkable new creations, like superbly woven weft-wrapped flat weaves from Sīrjān and fashion-oriented Heriz-style carpets woven in Tabrīz. But elsewhere the trend toward ever harsher color combinations produced with ever more inferior dyestuffs was accelerated by the shortages of a wartime economy in the 1360s Š./1980s. Many districts in the northwest, where previously the best wools and most honest colors were used, succumbed to the vogue for overfine, spongy imported yarns and debased palettes; dark blue,



for example, was largely replaced by black, which is crisp and bold when new but soon fades to a streaky gray.

The most positive feature of the market, from the point of view of the trade, was the effect of the new export-valuation system on the supply of flat weaves. Beginning in 1364 Š./1985 these carpets received exceptionally low valuations for foreign-exchange purposes, which allowed prices in rials to climb to unprecedented levels while keeping costs in foreign currencies lower than they had been ten years earlier. As a result an abundant supply of exceptional pieces appeared on the market. The nomad who was offered a few thousand rials for his treasures in 1355 Š./1975 simply hid them, but the seven-figure prices being paid a decade later tempted the proudest weavers to part with their heirlooms, and flat weaves came to light in quantities and in a diversity of types and origins that even specialized dealers had barely suspected. Despite the gloomy outlook for the Persian economy while the war with Iraq dragged on, the technical and cultural skills to produce beautiful textiles remain strong in the country. It remains to be seen whether the ending of the war can create the favorable conditions under which these skills could flourish anew.